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SMALL BUSINESS TAX WORKSHOP

INSTRUCTOR GUIDE

IRS 334

COMPLETED

ORIGINAL

Department of The Treasury
Internal Revenue Service
Publication 1135 (Rev. 1-86)

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Notes to the Instructor

Course Design

The Small Business Workshop is 4 to 4½ hours in length. It provides information on federal business taxes for people who have recently started a business or who anticipate starting one.

Lesson 1 is an awareness session which introduces participants to the basic types of business organizations, business tax returns, recordkeeping, and IRS functions. The videotape, "Taking Care of Business," is to be shown where VCR equipment is available. After the videotape, allow for up to 30 minutes for a question/answer session. If the necessary equipment is not available, you are to use the lesson plan for Lesson 1 for a lecture/discussion. Emphasize that the free publications mentioned are listed at the end of Lesson 1 and can be ordered from the IRS.

Note: The videotape has an error. When the deposit requirements are mentioned, they talk about the computerized deposit cards. Be sure to point out that those are no longer being used but are replaced by Form 8109, Federal Tax Deposit Coupon Book. This form is discussed in Lesson 3, which you will be covering.

Lessons 2 through 5 focus on employment taxes. These lessons are designed for those who plan to prepare their own business tax returns. Participants are first introduced to employment taxes and then they prepare the Form 941, Form 940, and if applicable, Form 943.

Practice exercises are provided at the end of each lesson and the answers are in the back of the student coursebook. You are not expected to complete all exercises during the workshop. The additional exercises are for the participants to complete at their convenience for more practice in preparing employment tax forms.

Teaching Suggestions

The Instructor Guide provides lesson plans for your use. You will find that they will assist you and reduce the amount of time you will need to prepare to teach this workshop.

The Small Business Workshop may be given in a classroom setting using conventional methods of instruction. It is to your advantage to control the number and types of questions asked during the workshop. It is not rude, but rather an effective teaching technique to end irrelevant discussion or to offer to answer an extraneous question during a break. Questions should be held to a minimum so that you can cover as much information as possible.

Survey your class at the beginning of the workshop or before you begin Lesson 2, Employment Taxes, to find out how many agricultural employers are attending the workshop. This information will enable you to determine if you should discuss Lesson 5, Form 943, Employer's Annual Tax Return for Agricultural Employees.

Training Aids

Your district's Taxpayer Education Coordinator will have the videotape "Taking Care of Business."

Transparencies can be used to introduce a topic, emphasize a point or summarize a lesson. A transparency of a blank form or the answer to a workshop question may also be helpful in assuring that the class attention is focused on the correct line of a form or the proper answer.

If you wish to make a transparency, run your exhibit (chart or form) through a machine with a blank 8 x 10 sheet of acetate. An overhead projector is necessary to project it in the classroom.

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The facilities that are available in your classroom will dictate which training aids you will be able to use. You should find out what facilities are available at your training site before your class begins. Your training officer can assist you in determining which training aids to use.

Course Materials

Each participant should be furnished with the following publications and forms at the beginning of the workshop.

Publication 1066, Small Business Tax Workbook

The workbook provides definitions, exhibits, tax forms, and practice problems to be followed or completed by participants during the workshop.

Publication 334, Tax Guide for Small Business

Pub. 334 provides a nontechnical and comprehensive explanation of income, employment and excise taxes with sample problems and completed forms.

Publication 15, Circular E, Employer's Tax Guide

Circular E and any supplements should be used as primary workshop references. It contains information regarding employees, employers, tax return payroll deductions (FICA and income tax withholding) and other employment tax information. A checklist of employment taxes, tables for the payment of advance earned income credit, and a tax calendar of due dates are also included in this publication.

Publication 539, Employment Taxes

Pub. 539 provides valuable supplementary information on employer-employee relationships and samples of completed Forms 941 and 940. It should be distributed.

Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return

Form 941, Employer's Quarterly Federal Tax Return

The following publications and form should be distributed if you will be instructing agricultural employers:

Publication 225, Farmer's Tax Guide

Publication 225 provides information on farm income and expenses.

Publication 51, Circular A, Agricultural Employer's Tax Guide

Pub. 51 contains information and forms that agricultural employers may need to comply with employment and income tax regulations.

Form 943, Employer's Annual Tax Return for Agricultural Employees

Course Evaluations

The instructor is to submit, by memorandum to the district Chief, Training and Development Branch, any comments or suggestions for improving the workshops and program materials.

The participant's evaluation is to be passed out to each participant along with the student coursebook. Please have the participants complete them and return to you before they leave the workshop.

Instructor and participant suggestions are used to revise the material and to meet future needs of participants.

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Administrative Checklist

Before Class

1. Provide the following materials for each participant:
   a. Publication 1066, Workbook
   b. Publication 334, Tax Guide for Small Business
   c. Publication 15, Circular E, Employer's Tax Guide
   d. Publication 539, Employment Taxes
   e. Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return
   f. Form 941, Employer's Quarterly Federal Tax Return
   g. Paper and pencil

   And, if applicable:

   h. Publication 225, Farmer's Tax Guide
   i. Publication 51, Circular A, Agricultural Employer's Tax Guide
   j. Form 943, Employer's Annual Tax Return for Agricultural Employees
2. Decide on the classroom seating arrangement that will be most appropriate for your class size.
3. Determine what training aids you want to use and arrange with the Chief, Training and Development Branch, to have them available. However, the facility where the workshop will be presented may be able to provide the equipment you need.

   Some training aids you may need are:

   Film, "Taking Care of Business," and VCR, Overhead Projector, microphone (if needed), chalkboard, chalk eraser.
4. Be sure that the training aids are displayed in such a way that all participants can see them.

After Class

1. Complete the instructor evaluation.
2. Forward evaluations with instructor's memorandum to the Chief, Training and Development Branch.
3. Complete Form 4913, Taxpayer Education Statistical Report, and give it to your local Taxpayer Education Coordinator.

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Introduction

Time
15 minutes

Methods
Lecture

Objective
The purpose of this introduction is to present an overview of the workshop to the participants and introduce them to some of the activities of the IRS that relate to the business taxpayer.

Student Materials
Workbook

Content:	Notes:
Introduction	
1. Introduction of the instructor(s) 2. Introduction of participants	If your class is small, have the participants introduce themselves, and tell what type of business organization (sole proprietor, etc.) they have chosen.
Preview of Course	
1. This workshop is an orientation to employer's rights and responsibilities and will be general in nature. 2. Course objectives a. Provide tax information and instruction to new or prospective businesspersons, and b. Increase voluntary compliance on the part of small business owners by increasing their understanding of their rights and responsibilities under the tax law 3. Material that will be covered in this course a. Film, "Taking Care of Business" b. Employment taxes and forms c. Exercises	Survey audience for agricultural employers. Point out location of exercises and answers.
Administrative Procedures	
Cover the following items: 1. Ending time of class 2. Smoking, coffee, etc. in the classroom 3. Location of restrooms 4. Any other local procedures	
IRS Functions	
1. Taxpayer Service 2. Service Centers 3. Examination and Appeals 4. Collection 5. PRO-The Taxpayer Ombudsman	Refer to Student Coursebook.
Sources of Information	
Various sources of information for businesses are listed.	Tell participants about other agencies that provide information for business owners.

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Lesson 1
Orientation to Business Taxes

Time
1 hour

Objectives
At the end of this lesson, the participants will be able to:
1. Identify the major types of business organizations
2. Select which records to keep, realize why records should be kept and for how long
3. Determine the net profit or loss of their business.

Methods
Film—"Taking Care of Business."
Question and Answer

Student Materials
Workbook.

Content:

Introduction

Review objectives and provide overview.

Notes:

If film is shown, you may conduct the question and answer session immediately. Otherwise, cover the lesson as outlined in this plan.

Development

Sole Proprietorship

1. Definition
2. Advantages
   a. Simple to organize
   b. Owner has maximum freedom to make decisions
   c. Easy to discontinue.
3. Disadvantages
   a. Unlimited liability
   b. Limited ability to raise capital

Refer to Pub. 334, Tax Guide for Small Business.

Partnerships

1. Definition
   a. 2 or more persons engaged in business
   b. all share in profit or loss.
2. Advantages
   a. easy to organize
   b. may have greater financial strength
   c. combine skills
   d. each partner has a legal/personal interest.
3. Disadvantages
   a. unlimited liability of partner
   b. divided authority for decision.

Refer to Pub. 541—Tax Information on Partnerships.

S Corporation

1. Definition
2. Comparisons
3. Method of taxation.

Refer to Pub. 589
See Exhibit 1-2

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Content:	Notes:
Corporation	
1. Definition	Refer to Pub. 542—Tax Information on Corporations.
2. Advantages a. Life of business is perpetual b. Limited liability of stockholders c. Easy transfer of ownership d. Easier to raise capital/expand e. Efficiency in management.	
3. Disadvantages a. Special taxation b. More difficult/expensive to organize c. Restricted business activities. d. Subject to state/federal controls.	
Recordkeeping	
1. Importance of Recordkeeping a. Identify source of receipt b. Prevent omission of deductible expenses c. Establish earnings for self-employment tax d. Explain items reported on income tax returns.	
Keeping Records	
1. Supporting records of item of income or deduction on tax return for 3 years from due date of return.	Refer to Publication 552.
2. Employment records must be kept for a minimum of 4 years.	Refer to Publication 539 or Circular E.
Bookkeeping Systems	
1. Single Entry—Not a complete accounting system, but simplest to keep.	
2. Double Entry—Self-balancing.	
Accounting Methods	
1. **Cash**—include income in the year you actually receive it. Deduct expenses in the year actually paid.	
2. **Accrual**—Include income in year earned; deduct expenses in the year incurred.	
Business Income Tax Returns	
1. Income – Expenses = Net Profit or Loss.	
2. Gross Receipts or Sales are the income a business receives from sales of its products or services.	

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Content:	Notes:
3. Cost of goods sold Beginning Inventory and Purchases – Ending Inventory = Cost of goods sold.	Refer to Schedule C, Part III.
4. Gross Income Gross receipts less returns and allowance, less cost of goods sold.	Schedule C, Part I.
5. Business Expenses Ordinary and necessary expenses that are incurred in the operation of a business.	Schedule C, Part II.
6. Business Deductions and Credits	
a. New rule—More than 50% business use.	
b. Travel, transportation, and entertainment expenses	Pub. 334 and Pub. 463, Travel, Entertainment and Gift Expenses.
c. Business use of your home	Pub. 587, Business Use of Your Home.
d. IRA—Individual retirement arrangement	Pub. 334 and Pub. 590, Individual Retirement Arrangements (IRA's).
e. Keogh—(Self-employed retirement plan)	Pub. 560—Tax Information on Self-Employed Retirement Plans.
f. Simplified employee pension (SEP)	Pub. 334 and Pub. 590.
g. Business start-up costs	Pub. 334 and Pub. 535, Business Expenses.
h. Depreciation	Pub. 334 and Pub. 534, Depreciation.
1) Useful life of more than one year.	
2) ACRS must be used for figuring depreciation for most assets that are placed in service after 1980. Watch for more than 50% rule on certain property.	
i. Investment Credit	Pub. 334 and Pub. 572, Investment Credit.
7. Tip Allocation Large food or beverage establishments must report certain information to IRS.	Refer to Pub. 531.

Summary

1. Major types of business organizations
   a. Sole proprietorship
   b. Partnership
   c. S Corporation
   d. Corporation
2. Recordkeeping
   a. Why
   b. How long
3. Profit or loss of business.

Ask participants if there are any questions. Also, this would be a good time to mention Publication 910 which lists publications available from the Internal Revenue Service.

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Lesson 2
Employment Taxes

Time
60 minutes

Methods
Lecture
Practice Exercises

Objectives
At the end of this lesson, you will be able to:
1. Determine an employer's responsibility for income tax withholding, social security (FICA) tax, and federal unemployment tax (FUTA).
2. Determine the need for various forms related to employment taxes.

Content:

Notes:

Introduction
1. Employers have responsibilities to withhold income taxes.
2. Lesson will also cover responsibilities regarding FICA and FUTA.

Employer Identification Number (EIN)
1. Apply on Form SS-4.
2. If EIN not received, write "Applied for" on tax return being filed.

Employers-Employees
1. Common law
   a. Employee subject to will and control of employer as to what will be done and how.
   b. Employer has the legal right to control both the method and the result of services.
   c. In making determination does employer:
      1) Have the right to hire and fire?
      2) Control working hours?
      3) Have the right to direct what work will be done and how?
      4) Furnish equipment for the employee's use?
      5) Provide a place to work?

Use Circular E as a reference whenever possible. Pub 539 has additional information on employer-employee relationships.

2. Statutory Employees
3. Independent Contractors
   a. Person who works for you if you have the right to control or direct only the result of the work.
   b. You do not withhold income tax or social security.
   c. Information return Form 1099 and transmittal Form 1096.
      i. Furnish to recipients by Jan. 31.
      ii. Furnish to Internal Revenue Service by Feb. 28.

Refer to Publication 911.

See Exhibit 2-1.

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Content:	Notes:
4. Form W-4 a. Used to determine amount of income tax to be withheld, b. Sent to IRS if more than 15 exemptions claimed, or c. If employee claims exemption from withholding and wages exceed $200.00 a week, and d. Kept by employer for 4 years.	
Form W-2	
1. Furnished to employees a. Provide by 1/31 if worked full year. b. If didn't work full year, provide within thirty days of written request. 2. Transmitted to Social Security Administration with Form W-3.	See Exhibit 2-2
Income Tax	
Withhold income tax on all remuneration a. Cash—Non Cash b. Salaries, bonuses, allowances for vacation c. Tips	See Circular E.
Social Security Tax	
1. Withhold on gross wages up to annual limit 2. 1986 rate is 7.15% for employers and employees 3. Jan. 1, 1984—social security coverage and taxes extended to all employees of exempt organizations.	See Circular E.
FUTA Tax	
Paid by employer	Refer to Circular E and Pub 539.
Successor Employer	
1. If you take over the business of an employer who was subject to FICA and FUTA, you may include the wages in figuring wages limitation for FICA and FUTA purposes. 2. Paid by that employer to the employees who continue to work for you.	Pub. 539
Earned Income Credit	
1. Employee must file W-5 for Advance EIC payments 2. Payment added to wage or salary by employer	Circular E has advance EIC payment tables.

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Content:	Notes:
3. Advance EIC payments are not compensation for services so they don't change amount of income or FICA withholding	
4. The employer takes credit on return for advance EIC paid.	Advance EIC credit can be discussed further in the 941 lesson.
Forms W-3 and 1096	
1. Form W-3 is used to transmit Form W-2	
2. Not filed with IRS but with the Social Security Administration on or before the last day of February	
3. Form 1096 is used to transmit Form 1099-MISC	
4. Filed with IRS.	
Correcting Forms W-2, W-2P and W-3	
1. W-2c must be used for corrections.	Circular E.
2. Stress the importance of having correct SSNs for proper credit for future social security coverage.	
Magnetic Media	
Specifics for using magnetic media obtained at most IRS or SSA offices or contact address in workbook.	
Penalties	
Refer to Exhibit 2-3.	
Summary	
1. Review main employer responsibilities.	Review exercises.
2. Next lessons will provide information on determining amount to be withheld, and filing appropriate forms.	

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Lesson 3

Form 941, Employer's Quarterly Federal Tax Return

Time
60 minutes

Objectives
At the end of this lesson, the participant will be able to:
1. Determine Form 941 deposit requirements.
2. Prepare a Form 941.

Methods
Lecture
Discussion
Practice Exercises

References
Publication 334, Tax Guide for Small Business; Circular E, Employer's Tax Guide; and Publication 539, Employment Taxes.

Content:	Notes:
Introduction	
1. Form 941 is a quarterly return used to report withheld income and social security taxes and the employer's FICA share. 2. There are other forms used under special circumstances a. 941E b. 942 c. 943	Demonstrate use of Circular E to determine income tax withheld.
Due Dates 1. On or before last day of month after each quarter, or 2. If due date is a Sat., Sun., or legal holiday—file next business day, or 3. If amount of taxes due is timely paid, file by 10th day of 2nd month following close of quarter	
Deposit Requirements 1. Less than $500 at end of calendar quarter; deposit or pay with return by due date.	Use examples in Workbook to show deposit requirements or use visual aids.
2. $500 or more per quarter but less than $500 in any month; deposit the total amount; if $500 or more by the end of the second month, deposit by the 15th day of the third month. Remit the amount for the third month with the return if less than $500. If $500 or more by end of 3rd month, deposit by 15th day of month after quarter ends.	
3. $500 or more of undeposited taxes but less than $3,000 at end of any month; deposit the accumulated liability by the 15th of the following month. (Rule applies unless an eighth-month deposit was required.)	
4. $3,000 or more at the end of any eighth-monthly period; deposit within 3 banking days after the close of the eighth-monthly period.	Exception for the first time taxpayer reaches the deposit requirement.

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Content:

Notes:

5. Failure to deposit penalty
   a. 5% on $500 or more undeposited amount of tax unless reasonable cause
   b. Tax amount includes employer's portion of FICA, employee's income tax withholding and employee's portion of FICA tax

Payment of Taxes

1. Less than $500 for quarter, send to local service center with the return or deposit with authorized financial institution or Federal Reserve Bank
2. More than $500, deposits are required
3. Federal Deposit Coupons
   a. Amount of liability determines frequency of deposits
   b. If EIN applied for and received, coupon book is automatically sent
   c. Complete coupon and send with payment
   d. Must complete showing correct period, type of tax

Exhibit 3-2 is a sample Federal Deposit Coupon.

Form 941 Examples

1. Smith Enterprises:
   a. Fractions as a FICA adjustment.
   b. Advance EIC is subtracted from amount due.

Exhibit 3-3 in Workbook is a completed Form 941 for this example.

2. Maggie Flowers:
   a. Any type of recordkeeping that fits needs may be used.
   b. These records are used to complete Form 941 and to determine deposit requirements.

Exhibits 3-4, 3-5, and 3-6 in Workbook are examples of recordkeeping for Form 941 taxes.

Exhibit 3-7 is a completed Form 941 for this example.

Form 941 Exercises

1. Answers used Circular E revised 1/85.
2. Have participants use the most current Circular E and recalculate answers if changes have occurred to withholding tables.
3. Review a completed Form 941. You may want to use a transparency for review.

Blank forms are provided in Student Workbook.

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Lesson 4

Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return

Time
60 minutes

Objectives
At the end of this lesson, you will be able to:

1. Define employer, employee, and wages subject to FUTA.
2. Figure the federal unemployment tax due.
3. Figure the deposits for federal unemployment taxes.
4. Complete Form 940.

Methods
Lecture
Discussion
Practice Exercises

References
Pub. 334
Circular E, Employer's Tax Guide, and Pub. 539, Employment Taxes.

Content:

Notes:

Introduction

1. FUTA provides for the states and federal government to cooperate in administering the unemployment tax program.
2. The federal government approves state laws and pays the administrative costs of the state program.
3. The employer is subject to a state unemployment tax which is credited against the federal tax due.
4. Tax is reported annually on Form 940; however, quarterly deposits may be required.
5. Return is due January 31, unless deposits are timely.

Who Are Employers?

1. Employers must file Form 940 if:
   a. Paid wages of $1,500 or more in a calendar quarter or
   b. Had one or more employees at any time in each of any 20 calendar weeks

Test applies to current or prior year.

2. Special rules:
   a. Agricultural employers
      1) Paid cash wages of $20,000 or more during any calendar quarter of the current or preceding year *or*
      2) Employed 10 or more agricultural workers including aliens during some part of a day for at least 1 day in each of any 20 different weeks of the current or preceding year
      3) Beginning in 1986, FUTA applies also to wages paid to aliens who were admitted to the U.S. to perform farm labor.
   b. Household employers
      Paid cash wages of $1,000 or more in any calendar quarter of the current or preceding year for domestic service.

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Content:	Notes:
Who Are Employees?	
FICA rules in determining who are common-law employees are same for FUTA purposes.	Refer to chart in Circular E.
What Are FUTA Wages?	
1. FUTA wages are generally money and other forms of payment.	Give examples.
Exception: Only cash wages that are paid to farm workers are subject to FUTA.	Circular E provides information on exempt employees and types of payments.
2. Wages not paid in money.	
3. Employees' taxes paid by employer.	
Figuring FUTA Tax	
1. Rate is 6.2% for 1985. Maximum credit is 5.4%.	
2. Wage base limited to first $7,000 paid each employee each year.	
Credit For Contributions to States	
1. Credit based on experience rate given to you by your state based on number and length of claims for unemployment by former employees.	
2. If experience rate lower than 5.4% you are entitled to the full 5.4% credit.	
3. Total credit allowable may not be more than 5.4% of taxable wages.	
4. Some states and areas (shown on Form 940) needed additional funds to pay unemployment compensation benefits and these unpaid advances are recoverable by a reduction in the credit allowed against the tax. (The specific states subject to this reduction can change yearly)	Point out the credit reduction amount (Line 6) if you are in one of the states affected.
5. If state contribution is made after due date of federal return, there is a 10% reduction on the amount of credit.	
Successor Employer	
1. Employer who takes over business is subject to this tax on employees who continue to work for the business; however,	
2. The new employer may count for computing the limit the wages paid to the employees by previous employer.	
Depositing the Tax	
1. Accumulated amount over $100 at the end of quarter, deposit amount with authorized depositary or Federal Reserve Bank.	Review Tim Towers example.
2. Accumulated amount $100 or less at end of quarter, add to amount for next quarter.	
3. $100 or less at end of calendar year, after any deposits are subtracted, deposit or pay with return.	

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Content:	Notes:
4. Federal Tax Deposit Coupon Book—Form 8109 handled same way as for Form 941.	
5. Underdeposited tax over $100 in calendar year—5% penalty.	
6. Overstated deposits—25% penalty.	
Completing Form 940	
1. Part I to be completed by all taxpayers.	Most common error is when taxpayer does not compute credit reduction on line 6, Part I.
2. Parts II and III completed under certain circumstances.	Review Parts II and III with class.
3. Complete Part IV if total tax is over $100.	Discuss method to figure tax.
4. Computation of tentative credit Part V.	Review examples.
Exercises	Have students complete exercises. If time remains, review answers in class.
Summary	
1. Definition of employer, employee and wages under FUTA.	
2. Determine deposits for federal unemployment taxes.	
3. Review completed Form 940.	

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Lesson 5

Form 943, Employer's Annual Tax Return for Agricultural Employees

Time
30 minutes

Objectives
At the end of this lesson, you will be able to:
1. Determine who must file Form 943.
2. Identify FICA wages for agricultural employees.
3. Determine when deposits of FICA tax and withheld income taxes are due.
4. Report tax liability on Form 943 and Form 943A.

Methods
Lecture
Practice Exercises

Student Materials
Workbook

References
Circular A
Circular E.

Content:

Notes:

Introduction

Form 943 is an annual employee's tax return used to report FICA withheld from employees income, plus employer's share, and income tax withheld (if agreement made).

Who are employers of farm workers?

1. Employers of workers who:
   a. Raise or harvest agricultural or horticultural products on a farm.
   b. Handle, process or package commodities if you raised over half of the commodity.
   c. Do work related to cotton ginning, turpentine or gum resin products.
   d. Do housework in your private home on a farm operated for profits.
2. Crew leaders.

Social Security Wages

1. Cash wages only.
2. Maximum $42,000.
3. If employee was paid wages of $150 or more in calendar year, or
4. Employee worked 20 or more days during the year for any amount of wages.

Rates of Tax

For 1986, 7.15% for employer and employees.

Voluntary Income Tax Withholding on Wages Paid to Farm Workers

1. You may withhold income tax from your employee's wages if you have an agreement with the employee.
2. For income tax withholding, wages include cash and also fair market value of items given to the employee as payment for services, such as meals, lodging or other goods.

Do not include meals and lodging you furnish employee for your convenience.

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Content:

Notes:

Form W-4

You should have a Form W-4 on file for each employee with whom you have made an agreement to withhold income tax.

W-4 provides information you need in determining how much tax to withhold.

Form W-2 and W-3

1. You must furnish W-2—copy B & C to employee by Jan. 31.
2. Send copy A to Social Security Administration by Feb. 28.
3. W-3 is transmittal form to be sent with copy A of W-2 to Social Security Administration.

Payment of Taxes

1. Less than $500.00 for the calendar year—send to your Internal Revenue Service Center with Form 943 or deposit by Jan. 31.
2. Less than $500.00 at the end of any month except December, carry taxes over to next month.
3. $500.00 or more but less than $3,000 at the end of any month—deposit by the 15th of the following month.
4. $3,000 or more at the end of any eighth-monthly period, deposit within 3 banking days after end of eighth-monthly period.

   Exception to rule (4):

   If you are a first time 3 banking day filer, you may deposit your taxes by the 15th day of the next month if you meet *all* the following requirements:

   —You were not required to deposit for any eighth monthly period during last 4 quarters.

   —Your total undeposited tax at the end of any eighth monthly period during this month are less than $10,000.

Review four examples to illustrate deposit rules.

Forms For Depositing

1. Coupon forms are used.
2. 5% failure to deposit penalty on $500.00 or more undeposited tax unless reasonable cause.

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Content:

Notes:

Requirement For Filing 943

1. 943 required for each year you employ a farm worker who meets either $150 test or the 20 day test.
2. The law provides penalties for late filing or payment of taxes, and if, without reason, you overstate the amount you deposited.

Form 943A, Agricultural Employer's Record of Federal Tax Liability

A supplemental form which may be attached to 943 if your tax liability for any month exceeds $3,000.00.

Employer Identification Number (EIN)

1. Complete Form SS-4 (Application for EIN).
2. Use EIN on all your employment tax forms.

Due Date for 943

1. Jan. 31.
2. If all deposits made in full payment of tax, you may file by Feb. 10.

Completing Form 943

Tax Liability

a. FICA withheld and employers share and income tax withheld.
b. Liability starts when wages are paid, not when pay period ends.

Review examples in workbook.

Summary

1. 943 example.
2. Deposit requirements.
3. Record of federal tax liability.

* U.S. Government Printing Office : 1986 - 491-487/45009

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